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99th Congress, 1st Session - - - - - - - - - - - House Document 99-132

AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE KINGDOM OF SWEDEN ON SOCIAL SECURITY

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

THE AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE KINGDOM OF SWEDEN ON SOCIAL SECURITY, PURSUANT TO 42 U.S.C. 433(e)(1)

DECEMBER 2, 1985.—Message and accompanying papers referred to the Committee on Ways and Means and ordered to be printed

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U.S. GOVERNMENT PRINTING OFFICE

55-134 O WASHINGTON : 1985

To the Congress of the United States:

Pursuant to section 233(e)(1) of the Social Security Act, as amended by the Social Security Amendments of 1977 (P.L. 95-216, 42 USC 433(e)(1)), I transmit herewith the Agreement between the United States of America and the Kingdom of Sweden on Social Security which consists of two separate instruments. The Agreement was signed at Stockholm on May 27, 1985.

The U.S.-Sweden agreement is similar in objective to the social security agreements already in force with Italy, the Federal Republic of Germany, Switzerland, Canada, Belgium, Norway, and the United Kingdom. Such bilateral agreements, which are generally known as totalization agreements, provide for limited coordination between the United States and foreign social security systems to overcome the problems of gaps in protection and of dual coverage and taxation for workers who move from one country to the other.

I also transmit for the information of the Congress a comprehensive report prepared by the Department of Health and Human Services, which explains the provisions of the Agreement and provides data on the number of persons affected by the Agreement and the effect on social security financing as required by the same provision of the Social Security Act.

The Department of State and the Department of Health and Human Services join with me in commending the U.S.-Sweden Social Security Agreement and related documents.

RONALD REAGAN.

THE WHITE HOUSE, *November 25, 1985.*

Agreement

between the United States of America

and the Kingdom of Sweden

on Social Security

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The Government of the United States of America

and

The Government of the Kingdom of Sweden

BEING DESIROUS of regulating the relationship between their two countries in the field of Social Security, have agreed to the following provisions:

PART I

General Provisions

Article 1

For the purpose of this Agreement:

1. "Territory" means,

   as regards the United States, the States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam and American Samoa, and

   as regards Sweden, the territory of the Kingdom of Sweden;

2. "National" means,

   as regards the United States, a national of the United States as defined in Section 101, Immigration and Nationality Act of 1952, as amended, and

   as regards Sweden, a person of Swedish nationality;

3. "Laws" means

   the laws and regulations concerning the systems of social security specified in Article 2;

4. "Competent Authority" means,

   as regards the United States, the Secretary of Health and Human Services, and

   as regards Sweden, the Government or the Authority nominated by the Government;

5. "Agency" means,

as regards the United States, the Social Security Administration, and

as regards Sweden, any agency or authority responsible for implementing the laws specified in Article 2, paragraph 1 (b);

6. "Period of coverage" means

a period of contributions, a period of earnings from employment or self-employment, or any similar period recognized as a period of coverage, according to the laws under which it was completed; and

7. "Benefit" or "Pension" means

any old-age, dependent, survivor or disability pension or benefit provided for in the laws of either Contracting State.

Article 2

1. For the purpose of this Agreement, the applicable laws concerning benefits and contributions are:

   a. As regards the United States, the laws governing the Federal old-age, survivors, and disability insurance program:

      (i) Title II of the Social Security Act and regulations pertaining thereto, except sections 226, 226A and 228 of that title and regulations pertaining to those sections,

      (ii) Chapter 2 and Chapter 21 of the Internal Revenue Code of 1954 and regulations pertaining to those chapters;

   b. As regards Sweden, the laws governing

      (i) basic pension,

      (ii) supplementary pension;

      provided, however, that this Agreement shall not affect coverage or the liability to pay contributions under branches of social security other than those referred to in this subparagraph.

2. Unless otherwise provided in this Agreement, laws within the meaning of paragraph 1 shall not include treaties or other international agreements concluded between one Contracting State and a third State, or laws or regulations promulgated for their specific implementation.

Article 3

Unless otherwise provided in this Agreement, this Agreement shall apply to:

(a) nationals of the Contracting States,

(b) refugees and stateless persons within the meaning of the Convention Relating to the Status of Refugees, dated July 28, 1951, and the Protocol to that Convention, dated January 31, 1967, and the Convention Relating to the Status of Stateless Persons, dated September 28, 1954,

(c) other persons with respect to the rights they derive from a national of either Contracting State, from a refugee or from a stateless person, and

(d) nationals of a State other than a Contracting State who are not included among the persons referred to in paragraph (c) of this Article.

Article 4

Unless otherwise provided in this Agreement, the persons designated in Article 3 (a), (b), or (c) who reside in the territory of a Contracting State shall, in the application of the laws of that Contracting State, receive equal treatment with the nationals of that Contracting State.

Article 5

Unless otherwise provided in this Agreement, the laws of a Contracting State under which entitlement to or payment of benefits is dependent on residence or presence in the territory of that Contracting State shall not be applicable to the persons designated in Article 3 (a), (b) or (c) who reside in the territory of the other Contracting State.

Article 6

Unless otherwise provided in this Agreement, benefits payable under the laws of one of the Contracting States shall be paid to nationals of the other Contracting State, who are resident in the territory of a third State, on the same terms and to the same extent as to the nationals of the first Contracting State resident in the territory of this third State.

PART II

Applicable Laws on Coverage

Article 7

1. Unless otherwise provided in this Agreement, a person employed within the territory of one of the Contracting States shall, with respect to that employment, be subject to the laws of only that Contracting State.

2. If a person in the service of an employer having a place of business in the territory of one Contracting State is sent by that employer to the territory of the other Contracting State for a period not expected to exceed 60 months, he shall be subject to the laws of only the first Contracting State as if he were still employed in the territory of the first Contracting State. A person who is sent by an employer located in the territory of one Contracting State to the territory of the other Contracting State, and who is subject to the laws of the first State according to the provisions of the preceding sentence, shall be considered resident in the first State for purposes of Swedish laws on pensions. The spouse and children who accompany the person shall also be considered resident in the first State for purposes of Swedish laws on pensions for any period in which they are not engaged in employment subject to the laws of the other State.

Article 8

A person who would otherwise be covered under the laws of both Contracting States with respect to self-employment performed in either Contracting State and who is a resident of one Contracting State shall be subject to the laws of only the Contracting State of which he is a resident.

Article 9

1. If a person is employed as an officer or member of a crew on a vessel which flies the flag of one Contracting State and is covered under the laws of both Contracting States, the person shall be subject to the laws of only the Contracting State whose flag the vessel flies. For purposes of the preceding sentence, a vessel which flies the flag of the United States is one defined as an American vessel under the laws of the United States.

2. A person who would otherwise be covered under the laws of both Contracting States with respect to employment as an officer or member of a crew on an aircraft shall, with respect to that employment, be subject only to the laws of Sweden if he resides in the territory of Sweden, and only to United States laws if he resides in the territory of the United States.

Article 10

1. This Agreement shall not affect the provisions of the Vienna Convention on Diplomatic Relations of April 18, 1961, or of the Vienna Convention on Consular Relations of April 24, 1963.

2. Nationals of one of the Contracting States who are employed by that State in the territory of the other Contracting State but who are not exempt from the laws of the other Contracting State by virtue of the Vienna Conventions mentioned in paragraph 1 shall be subject to the laws of only the first Contracting State. Employment by the United States shall mean employment by the United States Government or an instrumentality thereof.

Article 11

1. The Competent Authorities of the two Contracting States may agree on exceptions to Articles 7, 8, 9, and 10, with respect to persons or categories of persons, provided that the affected persons shall be subject to the laws of one of the Contracting States.

2. Where a person covered under the laws of a Contracting State in accordance with this Agreement is also covered under the laws of the other Contracting State or a third State in accordance with the provisions of an agreement between either Contracting State and a third State, the Competent Authorities of the two Contracting States may agree to exclude the person from the application of Part II of this Agreement.

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PART III

Provisions on Benefits

Chapter I

Provisions Applicable to the United States

Article 12

1. Where a person has completed at least six quarters of coverage under United States laws, but does not have sufficient quarters of coverage to satisfy the requirements for entitlement to benefits under United States laws, the agency of the United States shall take into account, for the purpose of establishing entitlement to benefits under this Article, periods of coverage which are credited under Swedish laws on supplementary pension insurance and which do not coincide with periods of coverage already credited under United States laws.

2. In determining eligibility for benefits under paragraph 1 of this Article, the agency of the United States shall credit four quarters of coverage for each pension point year certified by the agency of Sweden; however, no quarter of coverage shall be credited for any calendar quarter already credited as a quarter of coverage under United States laws. The total number of quarters of coverage to be credited for a year shall not exceed four.

3. Where entitlement to a benefit under United States laws is established according to the provisions of paragraph 1, the agency of the United States shall compute a pro rata primary insurance amount in accordance with United States laws based on (a) the person's average earnings credited exclusively under United States laws and (b) the ratio of the duration of the person's periods of coverage credited under United States laws to the duration of a coverage lifetime as determined in accordance with United States laws. Benefits payable under United States laws shall be based on the pro rata primary insurance amount.

4. Entitlement to a benefit from the United States which results from paragraph 1 shall terminate with the acquisition of sufficient periods of coverage under United States laws to establish entitlement to an equal or higher benefit without the need to invoke the provision of paragraph 1.

5. Articles 4, 5 and 6 of the Agreement shall be applied by the United States in a manner consistent with section 233 (c)(4) of the United States Social Security Act.

Chapter II

Provisions Applicable to Sweden

Article 13

1. Nationals of the United States as well as the persons designated in Article 3 (b) and (c) who do not fulfill the conditions of the Swedish laws which apply to them as regards entitlement to a basic pension shall, whether they reside in Sweden or not, be entitled to a basic pension in accordance with the provisions applicable to Swedish nationals resident outside of Sweden.

2. Disability benefits which are not supplements to a basic pension, care allowances for handicapped children, pension supplements and income-tested pension benefits shall be granted to persons designated in paragraph 1 who are residing in Sweden, appropriately applying the rules contained in that paragraph.

3. Where a person designated in Article 3 (a), (b) or (c) does not have sufficient Swedish periods of coverage to satisfy the requirements for entitlement to a basic pension in accordance with the provisions applicable to Swedish nationals resident outside of Sweden, periods of coverage completed under United States laws shall be taken into account insofar as they do not coincide with Swedish periods of coverage.

4. Where periods of coverage have been completed under both the Swedish laws on supplementary pension insurance and United States laws, those periods shall, when necessary, be added together for the acquisition of a right to supplementary pension, insofar as they do not coincide.

5. When computing the amount of a supplementary pension, only periods of coverage creditable under Swedish laws shall be taken into account.

6. When applying paragraphs 3 and 4 of this Article, four quarters of coverage under United States laws shall be considered equal to one calendar year for which pension points have been credited under Swedish laws.

7. Article 4 of this Agreement shall not result in an extension in the application of the transitional provisions of Swedish laws concerning:

   a) the right to a basic pension for Swedish nationals born before 1930 residing outside Sweden, and

   b) the calculation of a supplementary pension for Swedish nationals born before 1924.

8. Article 5 of this Agreement does not affect the provisions of Swedish laws concerning the right of Swedish nationals residing outside of Sweden to a basic pension.

PART IV

Miscellaneous Provisions

Article 14

1. The Competent Authorities shall make all necessary administrative arrangements for the application of this Agreement.

2. Liaison agencies for the implementation of this Agreement shall be:

   a) for the United States, the Social Security Administration;

   b) for Sweden, the National Social Insurance Board.

~~19.~~ 2.

Article 15

1. The Competent Authorities and the agencies of the Contracting States, within the scope of their respective authority, shall assist each other in implementing this Agreement. This assistance shall be free of charge subject to exceptions to be agreed upon in an administrative arrangement.

2. Correspondence between the Competent Authorities and agencies, communications from individual persons, and applications or documents may be in English or Swedish.

Article 16

The Competent Authorities shall inform each other as soon as possible of any amendments to the laws specified in Article 2 which may affect the application of this Agreement.

Article 17

The Competent Authorities shall keep each other informed of the measures taken for the application of this Agreement.

Article 18

Any exemption granted by one of the Contracting States from fees or charges, including stamp duties or notarial or registration fees, in respect of certificates and documents required to be submitted to its Competent Authority or an agency shall also apply to certificates and documents which for the purposes of this Agreement must be submitted to the Competent Authority or an agency of the other Contracting State. Documents and certificates which are presented for purposes of this Agreement shall be exempted from requirements for authentication by diplomatic or consular authorities.

Article 19

An application, appeal, or other document which according to the laws of a Contracting State must be submitted to an agency of that Contracting State within a specified period shall be considered to have been timely filed if it is submitted within the same period to an agency of the other Contracting State. In such case, the agency with which the application, appeal, or document has been filed shall indicate the date of receipt on the document and transmit it without delay to the liaison agency of the other Contracting State.

Article 20

1. A written application for benefits filed with an agency of one Contracting State shall protect the rights of the claimants under the laws of the other Contracting State if the applicant (a) requests that it be considered an application under the laws of the other Contracting State or (b) in the absence of a request that it not be so considered, provides information at the time of application indicating that the person on whose record benefits are claimed has completed periods of coverage under the laws of the other Contracting State.

2. An applicant may request that an application filed with an agency of one Contracting State be effective on a different date in the other Contracting State within the limitations of and in conformity with the laws of the other Contracting State.

Article 21

1. Payments under the Agreement may be made in the currency of the Contracting State making the payment.

2. Should currency restrictions be introduced by either of the Contracting States, the two Governments shall immediately decide on the necessary steps to insure the transfer of amounts owed by either Contracting State in conformity with the provisions of this Agreement.

Article 22

1. Disagreements arising in connection with the application of this Agreement shall, as far as possible, be resolved by mutual agreement between the Competent Authorities of the Contracting States.

2. If any such disagreement has not been resolved within a period of six months, either Contracting State may submit the matter to binding arbitration by an arbitral body whose composition and procedure shall be agreed upon by the Contracting States.

Article 23

1. This Agreement may be amended in the future by supplementary agreements which, from their entry into force, shall be considered an integral part of this Agreement. Such supplementary agreements may be given retroactive effect if they so specify.

2. The Competent Authority of either Contracting State may call a meeting for the consideration of a supplementary agreement.

PART V

Transitional and Final Provisions

Article 24

1. This Agreement shall apply to events which occurred prior to its entry into force insofar as they are relevant to rights under the laws specified in Article 2. However, no benefits shall be payable under this Agreement with respect to any period prior to its entry into force, and no lump sum death benefit shall be payable if the person died before its entry into force. Periods of coverage completed before the entry into force of this Agreement shall be taken into account in order to determine the right to benefits under this Agreement.

2. The provisions of Part III of this Agreement shall apply only to an application for benefits which is filed on or after the date this Agreement enters into force. Where no final decision has been made on an application filed before the date this Agreement enters into force, the application shall be considered to have been filed on that date.

3. Determinations made before the entry into force of this Agreement shall not affect rights arising under it. This Agreement shall not result in the reduction of cash benefit amounts because of its entry into force.

4. Provisions of Swedish laws limiting retroactivity of the right to benefits shall not apply to rights arising as a result of the entry into force of this Agreement, provided that the claimant submits an application for benefits within one year after the date of entry into force of this Agreement.

5. The period of work referred to in Article 7.2 shall be measured beginning on or after the date on which this Agreement enters into force.

Article 25

1. This Agreement may be denounced by either of the Contracting States. If the Agreement is denounced it shall remain in force and effect until the expiration of one calendar year following the year in which written notice of its denunciation is given by one of the Contracting States to the other Contracting State.

2. If this Agreement is terminated by denunciation, its provisions shall continue to apply to benefits which have already been awarded. Rights in the process of being acquired by virtue of this Agreement shall be settled by special arrangement between the Contracting States.

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Article 26

This Agreement shall enter into force on the first day of the third month following the month in which each Government shall have received from the other Government written notification that it has complied with all statutory and constitutional requirements for the entry into force of the Agreement.

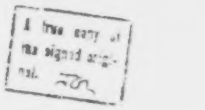
In witness whereof, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

Done at Stockholm on May 27, 1985 in duplicate in the English and Swedish languages, both texts being equally authentic.

For the Government of the
United States of America:

Margaret M. Heckler
Donald S. Fortier

For the Government of the
Kingdom of Sweden:



Administrative Arrangement
for the Implementation of the Agreement
between the United States of America and the
Kingdom of Sweden on Social Security

The Government of the United States of America and the Government of Sweden,

In conformity with Article 14, paragraph 1, of the Agreement between the United States of America and the Kingdom of Sweden on Social Security of this date, hereinafter referred to as the "Agreement," have agreed as follows:

Chapter I

General Provisions

Article 1

Terms used in this Administrative Arrangement shall have the same meaning as in the Agreement.

Article 2

The liaison agencies designated in Article 14, paragraph 2, of the Agreement shall agree upon joint procedures and forms necessary for the implementation of the Agreement and this Administrative Arrangement.

Chapter 2

Provisions on Coverage

Article 3

1. In cases referred to in Article 7, paragraph 2, of the Agreement, the application of the laws of a Contracting State shall be proved by a certificate. In other appropriate cases referred to in Part II of the Agreement, such a certificate may also be issued.

2. The certificate referred to in paragraph 1 shall be issued upon request

— In the United States
By the Social Security Administration

— In Sweden
By the National Social Insurance Board or, after authorization, its delegate.

Chapter 3

Provisions on Benefits

Article 4

1. The agency of the Contracting State with which an application for benefits is first filed in accordance with Article 20 of the Agreement shall inform the agency of the other Contracting State of this fact without delay, using forms established for this purpose. It shall also transmit documents and such other available information as may be necessary for the agency of the other Contracting State to establish the right of the applicant to benefits according to the provisions of Part III of the Agreement. In the case of an application for disability benefits it shall, in particular, transmit all relevant medical evidence in its possession concerning the disability of the applicant.

2. The agency of a Contracting State which receives an application filed with an agency of the other Contracting State shall without delay provide the agency of the other Contracting State with such evidence and other available information as it may require to complete action on the claim.

3. The agency of the Contracting State with which an application for benefits has been filed shall verify the accuracy of the information pertaining to the applicant and his family members. The types of information to be verified shall be agreed upon by the liaison agencies.

Article 5

In the application of Article 12 of the Agreement, the Swedish agency shall notify the United States agency of the years in which a person is credited with pension points under Swedish laws.

Article 6

In the application of Article 13 of the Agreement, the United States agency shall when necessary notify the Swedish agency of the periods of coverage which a person has completed under the laws of the United States.

Chapter 4

Miscellaneous Provisions

Article 7

In accordance with measures to be agreed upon pursuant to Article 2 of this Administrative Arrangement, the agency of one Contracting State shall, upon request of the agency of the other Contracting State, furnish available information relating to the claim of any specified individual for the purpose of administering the Agreement or the laws specified in Article 2, paragraph 1, of the Agreement.

Article 8

Copies of documents which are certified as true and exact copies by the agency of one Contracting State shall be accepted as true and exact copies by the agency of the other Contracting State, without further certification. When applying its laws, the agency of each Contracting State shall be the final judge of the probative value of the evidence submitted to it from whatever source.

Article 9

The liaison agencies of the two Contracting States shall exchange statistics on the number of certificates issued under Article 3 of this Administrative Arrangement and on the payments made to beneficiaries under the Agreement for each calendar year in a form to be agreed upon. The data shall include the number of beneficiaries and the total amount of benefits, by type of benefit.

Article 10

1. Where administrative assistance is requested under Article 15 of the Agreement, expenses other than regular personnel and operating costs of the agencies providing the assistance shall be reimbursed.

2. Where the agency of a Contracting State requires that a claimant or beneficiary submit to a medical examination, such examination, if requested by that agency, shall be arranged by the agency of the other Contracting State in which the claimant or beneficiary is present, in accordance with the rules of the agency making the arrangements and at the expense of the agency which requests the examination.

3. Upon request, the agency of either Contracting State shall furnish without expense to the agency of the other Contracting State any medical information and documentation in its possession relevant to the disability of the claimant or beneficiary.

4. Amounts owed under paragraphs 1 and 2 shall be reimbursed upon presentation of a detailed statement of expenses.

Article 11

Where the Agreement or this Administrative Arrangement provides for communication between agencies of the Contracting States, the agencies may communicate either directly or through the liaison agencies.

Article 12

Unless authorized by the national statutes of a Contracting State, information about an individual which is transmitted in accordance with the Agreement to that Contracting State by the other Contracting State shall be used exclusively for purposes of implementing the Agreement. Such information received by a Contracting State shall be governed by the national statutes of that Contracting State for the protection of privacy and confidentiality of personal data.

Article 13

This Administrative Arrangement shall enter into force on the date of entry into force of the Agreement and shall have the same period of validity.

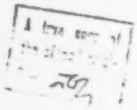
Done at Stockholm on March 27, 1965 in duplicate in the English and Swedish languages, both texts being equally authentic.

For the Government of the
United States of America:

Margaret Th. Heckler
Thomas S. Foley

For the Government of the
Kingdom of Sweden:

Torsten Nilsson



THE SECRETARY OF HEALTH AN
WASHINGTON, D.C.

SEP 20 1985

The Honorable George P. Shultz
Secretary of State
Washington, D.C. 20520

Dear Mr. Secretary:

I would like to recommend that the recently signed bilateral social security agreement between the United States and Sweden be submitted to the Congress for review. The agreement provides for limited coordination of the U.S. and Swedish social security systems. Two major problems have arisen in the past because our systems were not coordinated: gaps in the social security protection of those who have worked at various times under the U.S. and Swedish systems, and dual U.S. and Swedish social security coverage and taxation of the same work. The agreement would overcome both problems by filling gaps in protection and eliminating dual coverage and taxation.

The U.S.-Swedish agreement is similar to social security agreements already in force with Italy, the Federal Republic of Germany, Switzerland, Belgium, Norway, Canada and the United Kingdom. Agreements of this type are authorized by section 233 of the Social Security Act. Section 233 includes an oversight provision which requires that Congress be given an opportunity to review any such agreement before it can be implemented. To initiate the review process, the President must transmit to Congress the text of the proposed agreement and a report on the estimated number of individuals who would be affected by the agreement. This report must also describe the effect of the agreement on the estimated income and expenditures of the programs established by the Social Security Act. Under section 233, an agreement can go into effect after a congressional review period during which at least one House has been in session on each of 60 days.

The U.S.-Swedish social security agreement consists of two separate instruments: (1) a principal agreement setting forth the basic rules for coordinating the two countries' social security systems; and (2) an administrative arrangement establishing operating procedures to implement the principal agreement. The originals of the two documents are now in your Department's archives.

I would appreciate it if you would recommend to the President that he submit the principal agreement and administrative arrangement to the Congress for review as soon as possible. I have enclosed a comprehensive report on the agreement which includes the required actuarial estimates of the agreement's cost and the number of people it would affect. This report should accompany the instruments when they are submitted for congressional review.

Sincerely,

Margaret M. Heckler

Margaret M. Heckler
Secretary

Enclosure

REPORT TO CONGRESS
TO ACCOMPANY THE SOCIAL SECURITY AGREEMENT
BETWEEN THE UNITED STATES AND SWEDEN

I. INTRODUCTION

The Social Security Agreement between the United States and Sweden is intended to provide limited coordination of the old-age, survivors, and disability insurance (OASDI) programs of the two countries. The agreement is similar in content and objective to agreements now in force with Italy, West Germany, Switzerland, Belgium, Norway, Canada and the United Kingdom.

The U.S.-Swedish agreement consists of two separate instruments: (1) a principal agreement setting forth the basic rules for coordinating the two countries' social security systems; and (2) an administrative arrangement establishing operating procedures to implement the principal agreement. These two documents were signed by representatives of the U.S. and Swedish Governments on May 27, 1985, and are now being submitted to Congress for review in accordance with section 233(e) of the Social Security Act.

The U.S.-Swedish agreement would eliminate dual coverage, the situation that now exists when a person from one country works in the other country and is covered under the social security systems of both countries for the same work. Where dual coverage exists, the employer or employee must pay social security contributions to both countries simultaneously. In addition to eliminating dual coverage, the agreement would help prevent situations where workers suffer a loss of benefit rights merely because they have divided their careers between the two countries.

Accompanying this report are paragraph-by-paragraph explanations of the principal agreement (Annex A) and related administrative arrangement (Annex B). A report required by section 233(e)(1) of the Social Security Act on the effect of the agreement on income and expenditures of the U.S. Social Security program and the number of individuals affected by the agreement is also included (Annex C).

II. STATUTORY REQUIREMENTS

Section 233(c)(1) of the Social Security Act requires that international agreements concluded pursuant to that section provide for the elimination of dual coverage of the same work under the social security systems of the United States and the other country which is a party to the agreement, and for combining credits earned by a worker under the two systems for benefit eligibility purposes. In addition, the law stipulates that when eligibility for U.S. Social Security benefits is established on the basis of combined credits, the amount of the benefit payable must be based on the proportion of the worker's periods of coverage completed under title II of the Social Security Act. The U.S.-Swedish agreement includes these required provisions.

III. COVERAGE PROVISIONS

In conformity with section 233(c)(1)(B) of the Social Security Act, Part II of the principal agreement sets forth rules designed to eliminate dual coverage and taxation of the same work under the U.S. and Swedish social security systems.

A. Rules Governing Employees

The rules which apply to employed persons provide that dual coverage under the laws of the United States and Sweden would be eliminated generally by maintaining an employee's coverage under the system of the country where the work is performed and exempting the employee from compulsory coverage under the system of the other country.

Special rules would apply, however, for employees who are temporarily transferred by their employers in one country to work in the other country for a period of five years or less. In these cases, an employee who was covered in one country before his transfer would continue to be covered under that country's system and would be exempt from coverage in the other country. Thus, a person working for a U.S. employer who is temporarily transferred by that employer to Sweden would only be covered under and pay contributions to the U.S. program, and the employer would be relieved of the additional burden of paying social security contributions to the Swedish program. (Employees are not required in any case to pay OASDI contributions under the Swedish program.)

Other rules set forth in this Part would apply to persons employed by the Governments of the two countries and to persons employed in international air or ship transportation.

B. Rules Governing Self-Employed Persons

Part II also contains rules applicable to persons whose earnings from self-employment would be subject to compulsory coverage and contributions under the laws of both countries. Under these rules, a self-employed resident of Sweden whose earnings would otherwise be dually covered will be covered only under the laws of Sweden. A dually covered U.S. resident would be covered only under U.S. laws.

IV. BENEFIT PROVISIONS

Part III of the principal agreement establishes the basic rules for determining entitlement to and the amount of U.S. and Swedish benefits for persons who have worked in both countries. These benefit provisions are included pursuant to section 233(c)(1)(A) and (C) of the Social Security Act.

A. Provisions Applicable to the United States

1. Totalization of Periods of Coverage

Under the rules which apply to the United States, if a worker has credit for at least 6 quarters of coverage under the U.S. Social Security system, but not enough credits to qualify for a U.S. benefit, the worker's U.S.

coverage credits would be totalized (i.e., combined) with credits under the Swedish work-related supplementary pension program (see description in section IV.B.2 below) for purposes of determining U.S. benefit entitlement.

While coverage credits under the U.S. system are measured in terms of calendar quarters, credit under the Swedish supplementary pension program are measured in annual increments called pension point years. Under the Agreement, the United States would credit 4 quarters of coverage for each Swedish pension point year to the extent the calendar quarters in those years do not coincide with quarters of coverage already credited under the U.S. system.

2. Computation of U.S. Totalization Benefit Amounts

The amount of a U.S. benefit for which a person may qualify based on totalized periods of coverage depends on both the duration of the worker's coverage under U.S. Social Security and the level of his earnings. A detailed description of the totalization benefit computation procedure is contained in regulations of the Department of Health and Human Services (20 CFR 404.1918). The first step in the procedure is to compute a theoretical benefit amount as though the worker had worked a full coverage lifetime (i.e., full career) under U.S. Social Security at the same earnings level as during his actual periods of U.S. covered work. The theoretical benefit is then prorated to reflect the proportion of a coverage lifetime the worker completed under the U.S. program. A coverage lifetime is defined in the regulations as the number of the worker's benefit computation years, i.e., the years which must be used in determining a worker's average earnings under the regular U.S. national computation method.

B. Provisions Applicable to Sweden

Sweden provides old-age, survivors and disability benefits through two separate programs--a basic pension program and a supplementary pension program--which together make up what is usually described as a two-tier social security system.

1. Basic Pensions under Swedish Law

The basic pension program, or first tier, provides flat-rate benefits to a worker or his family members when the worker reaches retirement age, becomes disabled or dies. Swedish nationals who meet the statutory requirements and who reside in Sweden qualify for the full flat-rate basic pension. Swedish nationals who reside outside Sweden generally may qualify for the basic pension only if the worker is credited with at least 3 years of coverage under the supplementary pension program. In this case, the flat-rate basic pension amount is prorated at the rate of one-thirtieth of the basic pension for each year of coverage credited under the supplementary program.

Non-Swedish nationals generally may qualify for the basic pension only if they reside in Sweden and have resided there for a prescribed period of time that varies depending on the type of benefit. In the case of old-age benefits, for example, the worker must have resided in Sweden for a total of at least 10 years after attaining age 16, and for at least 3 years immediately before filing the benefit application.

2. Supplementary Pensions under Swedish Law

The supplementary pension program, which constitutes the second tier, provides benefits which vary in amount depending on the length of a worker's covered employment or self-employment, as well as the level of the worker's earnings. Although there are no citizenship or residence restrictions on entitlement to or payment of the supplementary pension, the worker must have credit for at least 3 years of coverage (known as pension point years) to qualify for a pension under the supplementary program.

3. Agreement Provisions

Under the agreement, U.S. nationals who fail to meet the Swedish-residence requirements for basic pensions would be permitted to qualify on the same basis as Swedish nationals who reside outside Sweden, i.e., on the basis of their coverage under the supplementary pension program. In addition, Sweden would take account of periods of U.S. social security coverage for purposes of meeting the 3-pension-point-year requirement for entitlement to basic and supplementary pensions. For this purpose, one pension point year would be credited for every 4 quarters of U.S. coverage to the extent that the U.S. coverage does not coincide with Swedish coverage. Where eligibility for Swedish basic and supplementary pensions is based on totalization of U.S. and Swedish periods, the pension amount would be proportional to the duration of Swedish supplementary pension coverage.

C. Benefit Portability

Section 233(c)(2) of the Social Security Act permits agreements to contain provisions suspending the application of the alien nonpayment provisions of the Social Security Act (section 202(t)) for persons residing in a foreign country with which the United States has an agreement in force. Swedish nationals located outside the United States, including those located in Sweden, are already exempt from the nonpayment provisions of section 202(t)(1). However, citizens of other countries who reside in Sweden may not be. The agreement, therefore, provides an exemption from the nonpayment provisions of section 202(t)(1) for the dependents or survivors of a U.S. or Swedish national, regardless of their citizenship, if they reside in Sweden.

Under section 202(t)(11), which was added by the Social Security Amendments of 1983, benefits generally may not be paid to nonresident aliens who first become eligible for title II dependents and survivors benefits after December 31, 1984, unless they satisfy certain U.S. residency requirements,

or they are citizens or residents of a country with which the United States has a totalization agreement in force. Thus, beneficiaries who are citizens or residents of Sweden will not be subject to this new nonpayment provision once the agreement enters into force.

Swedish benefits, other than certain means-tested benefits, would be paid to U.S. nationals regardless of where they reside and to their family members and survivors while they reside in the United States. However, as indicated above, Swedish basic pensions would generally be payable to U.S. nationals and their family members and survivors while outside Sweden only on a pro rata basis.

V. OTHER PROVISIONS

Section 233(c)(4) of the Social Security Act authorizes agreements to contain other provisions not inconsistent with title II of the Act which are appropriate to carry out the purposes of the agreements. In accordance with this provision, the principal agreement and administrative arrangement contain a number of articles designed to permit the United States or Sweden to render free or reimbursable assistance to the other country in implementing the agreement.

PRINCIPAL AGREEMENT	ANNOTATIONS AND COMMENTS
AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE KINGDOM OF SWEDEN ON SOCIAL SECURITY	This document is described as an "Agreement", with the understanding that it will enter into force for the United States as an executive agreement under authority of section 233 of the Social Security Act. Upon entry into force, the Agreement will have the effect of law in both countries and will be binding on both countries.
The Government of the United States of America and the Government of the Kingdom of Sweden	
BEING DESIROUS of regulating the relationship between their two countries in the field of Social Security, have agreed to the following provisions:	

PRINCIPAL AGREEMENT

ANNOTATIONS AND COMMENTS

PART I

General Provisions

Article 1

For the purpose of this Agreement:

1. "Territory" means,

   as regards the United States, the States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam and American Samoa, and

   as regards Sweden, the territory of the Kingdom of Sweden;

2. "National" means,

   as regards the United States, a national of the United States as defined in Section 101, Immigration and Nationality Act of 1952, as amended, and

   as regards Sweden, a person of Swedish nationality;

3. "Laws" means

   the laws and regulations concerning the systems of social security specified in Article 2;

Article 1 defines the key terms used in the Agreement.

The definition of United States "territory" is identical to the definition of the United States in section 210(i) of the Social Security Act.

Under section 101 of the Immigration and Nationality Act of 1952 (8 United States Code, section 1101 (a)(22)), "the term national of the United States means (A) a citizen of the United States, or (B) a person who, though not a citizen of the United States, owes permanent allegiance to the United States." Those in category (B) include natives of American Samoa and Swain's Island. A Swedish national means any person who is accorded nationality by Sweden, including, but not limited to, a person who carries a valid Swedish passport or other valid identity document designating the person as a Swedish national.

The term "laws" as used in the Agreement refers to the laws and regulations of each country pertaining to old-age, survivors, and disability insurance as specified in Article 2. Article 2.1.a. specifies the U.S. laws to which the Agreement applies.

PRINCIPAL AGREEMENT	ANNOTATIONS AND COMMENTS
4. "Competent Authority" means, as regards the United States, the Secretary of Health and Human Services, and as regards Sweden, the Government or the Authority nominated by the Government;	"Competent Authority" as used throughout this Agreement refers to the Government official or body in each country with ultimate responsibility for administering the social security program, including the provisions of the Agreement. The Swedish Government will designate a Competent Authority once it has made a determination as to which responsibilities resulting from the Agreement are to be delegated to specific agencies and which ones are to remain within the purview of the Government as a whole. These delegations are made at the time the agreement is officially published.
5. "Agency" means, as regards the United States, the Social Security Administration, and as regards Sweden, any agency or authority responsible for implementing the laws specified in Article 2, paragraph 1 (b);	"Agency" as used in the Agreement refers to the administrative body in each country responsible for taking and processing claims filed under each country's social security laws. The Social Security Administration is the agency for the United States. However, the U.S. Internal Revenue Service's responsibility for determining Social Security tax liability in light of SSA coverage determinations under the Agreement is not affected. Sweden has 26 local self-governing social security bodies which may be considered an agency for purposes of the Agreement in a particular case.
6. "Period of coverage" means a period of contributions, a period of earnings from employment or self-employment, or any similar period recognized as a period of coverage, according to the laws under which it was completed; and	The term "period of coverage" means any period which is credited under the laws of either country for purposes of determining benefit eligibility, including periods of covered employment or self-employment.
7. "Benefit" or "Pension" means any old-age, dependent, survivor or disability pension or benefit provided for in the laws of either Contracting State.	"Benefit" or "pension" refers to old-age, survivors, and disability benefits provided under the social security laws of either country. The term "benefit" or "pension" also includes any payment to the dependents or family members of workers. They also include the lump sum death payment under section 202(i) of the U.S. Social Security Act, but exclude special age-72 payments provided for certain uninsured persons under section 228 of the Social Security Act of the United States.

PRINCIPAL AGREEMENT

ANNOTATIONS AND COMMENTS

Article 2

1. For the purpose of this Agreement, the applicable laws concerning benefits and contributions are:

   a. As regards the United States, the laws governing the Federal old-age, survivors, and disability insurance program:

      (i) Title II of the Social Security Act and regulations pertaining thereto, except sections 226, 226A and 228 of that title and regulations pertaining to those sections,

      (ii) Chapter 2 and Chapter 21 of the Internal Revenue Code of 1954 and regulations pertaining to those chapters;

   b. As regards Sweden, the laws governing

      (i) basic pension,

      (ii) supplementary pension;

      provided, however, that this Agreement shall not affect coverage or the liability to pay contributions under branches of social security other than those referred to in this subparagraph.

Article 2 specifies the laws to which the Agreement applies. For the United States, it applies to title II of the U.S. Social Security Act and the corresponding tax laws (the Self-Employment Contributions Act of 1954 and the Federal Insurance Contributions Act) and any regulations pertaining to those laws. However, the Agreement does not apply to Medicare provisions (section 226 and 226A of the Social Security Act) or provisions for special payments to uninsured individuals age 72 or over under section 228 of the Social Security Act. Persons to whom the Agreement applies who qualify independently for Medicare hospital insurance or age-72 payments will be entitled to receive such benefits.

In Sweden, a general social security system covers virtually all employed and self-employed persons in the private and public sectors, as well as all residents of Sweden whether working or not. This system provides benefits in the event of old-age, death, short-term sickness and long-term disability, unemployment (except for the self-employed), work accident and occupational illness. It also provides health insurance and cash family allowances.

The Agreement, however, applies only to Swedish laws on old-age, survivors and disability insurance. The Swedish basic and supplementary pension programs are both included within the scope of the Agreement. (See the annotations to Article 13.) Other forms of Swedish social insurance are not affected by the Agreement.

PRINCIPAL AGREEMENT	ANNOTATIONS AND COMMENTS
2. Unless otherwise provided in this Agreement, laws within the meaning of paragraph 1 shall not include treaties or other international agreements concluded between one Contracting State and a third State, or laws or regulations promulgated for their specific implementation.	The laws to which the Agreement applies do not include treaties and other international agreements (or laws implementing them)--for example, either country's bilateral social security agreements with third countries or multilateral agreements to which either country is a party such as the multilateral social security agreement of the Nordic countries. The purpose of this provision is to ensure that in cases where a person has periods of coverage in the United States and Sweden and periods of coverage in a third country with which the United States or Sweden has a social security agreement, periods from all three countries could not be combined to meet U.S. or Swedish benefit eligibility requirements.
Article 3	
Unless otherwise provided in this Agreement, this Agreement shall apply to:	Article 3 specifies four categories of persons to whom the Agreement applies: (1) U.S. or Swedish nationals, (2) refugees and stateless persons, (3) persons regardless of nationality who derive rights through any of the above, and (4) nationals of other countries.
(a) nationals of the Contracting States,	
(b) refugees and stateless persons within the meaning of the Convention Relating to the Status of Refugees, dated July 28, 1951, and the Protocol to that Convention, dated January 31, 1967, and the Convention Relating to the Status of Stateless Persons, dated September 28, 1954,	The Convention relating to the Status of Stateless Persons defines a "stateless person" as "a person who is not considered as a national by any State under the operation of its laws." The Convention relating to the Status of Refugees, in conjunction with the 1967 Protocol thereto, defines "refugee" as any person who "owing to well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside the country of his nationality and is unable or, owing to such fear, is unwilling to avail himself of the protection of that country; or who, not having a nationality and being outside the country of his former habitual residence, is unable or, owing to such fear, is unwilling to return to it".
(c) other persons with respect to the rights they derive from a national of either Contracting State, from a refugee or from a stateless person, and	
(d) nationals of a State other than a Contracting State who are not included among the persons referred to in paragraph (c) of this Article.	

PRINCIPAL AGREEMENT

ANNOTATIONS AND COMMENTS

Article 4

Unless otherwise provided in this Agreement, the persons designated in Article 3 (a), (b), or (c) who reside in the territory of a Contracting State shall, in the application of the laws of that Contracting State, receive equal treatment with the nationals of that Contracting State.

Article 4 provides that the persons to whom the Agreement applies (with the exception of third country nationals designated in Article 3(d)) who reside in one of the Contracting States will be accorded the same treatment under that country's social security laws as that country accords its own nationals. This provision is not intended to affect the coverage provisions of either country's laws. It also has no effect on certain transitional provisions of Swedish law (see Article 13.7).

Article 5

Unless otherwise provided in this Agreement, the laws of a Contracting State under which entitlement to or payment of benefits is dependent on residence or presence in the territory of that Contracting State shall not be applicable to the persons designated in Article 3 (a), (b) or (c) who reside in the territory of the other Contracting State.

Article 5 provides that where the laws of either country require that a person be resident or present in that country in order to qualify for or receive social security benefits, the person may also qualify for or receive those benefits during periods of residence in the other country. This paragraph permits the United States to pay certain third country nationals who are family members or survivors of U.S. or Swedish nationals, refugees, or stateless persons and who would otherwise be subject to the alien nonpayment provisions of section 202(t) of the Social Security Act during periods of residence in Sweden. Article 5 does not apply to eligibility requirements for Swedish basic pensions for persons resident outside Sweden.

PRINCIPAL AGREEMENT

ANNOTATIONS AND COMMENTS

Article 6

Unless otherwise provided in this Agreement, benefits payable under the laws of one of the Contracting States shall be paid to nationals of the other Contracting State, who are resident in the territory of a third State, on the same terms and to the same extent as to the nationals of the first Contracting State resident in the territory of this third State.

Article 6 provides that each country will pay benefits to nationals of the other country residing outside of both countries on the same basis as it pays its own nationals residing outside both countries. This paragraph is intended to remove certain restrictions on the payment of benefits which one country may impose on nationals of the other country who reside in a third country. For the United States, this provision would remove restrictions only to the extent authorized by section 233(c)(4) of the Social Security Act.

PART II

Applicable Laws on Coverage

Part II is intended to eliminate dual coverage, i.e., situations where a worker is covered under the laws of both countries with respect to the same services. In so doing, the existing coverage provisions of the laws of both countries are preserved to the greatest extent possible. The provisions in this Part are intended to eliminate dual coverage by continuing the worker's social security coverage and taxation under the system of the country to whose economy he has the more direct connection and exempting him from coverage and taxation under the other country's system.

Article 7

1. Unless otherwise provided in this Agreement, a person employed within the territory of one of the Contracting States shall, with respect to that employment, be subject to the laws of only that Contracting State.

Article 7.1 establishes a general territoriality rule which stipulates that ordinarily a person's employment in a country will be compulsorily covered by only that country. Thus, a person working in employment covered under the laws of both countries will remain covered under the system of the country where the employment takes place and will be exempt from coverage under the system of the other country.

PRINCIPAL AGREEMENT

2. If a person in the service of an employer having a place of business in the territory of one Contracting State is sent by that employer to the territory of the other Contracting State for a period not expected to exceed 60 months, he shall be subject to the laws of only the first Contracting State as if he were still employed in the territory of the first Contracting State. A person who is sent by an employer located in the territory of one Contracting State to the territory of the other Contracting State, and who is subject to the laws of the first State according to the provisions of the preceding sentence, shall be considered resident in the first State for purposes of Swedish laws on pensions. The spouse and children who accompany the person shall also be considered resident in the first State for purposes of Swedish laws on pensions for any period in which they are not engaged in employment subject to the laws of the other State.

ANNOTATIONS AND COMMENTS

Article 7.2 contains an exception to this rule which applies when an employee is sent by his employer in one country to work temporarily in the other country. Article 8 provides for the elimination of dual coverage for self-employment. Article 9 regulates the coverage of persons engaged in international air or ship transportation. Article 10 establishes rules applicable to persons employed in U.S. or Swedish Government service.

Under Article 7.2, an employee working for an employer located in the United States or Sweden who is temporarily transferred to work in the other country for the same employer (or, under certain conditions, a foreign affiliate of the same employer) will continue to be covered by the country in which the employer is located. The transfer must be expected to last for a period of not more than 60 months. Article 7.2 will apply even if the employee is not sent directly to the other country but is first assigned to work in a third country.

Article 7.2 also provides that where a worker transferred by his employer in one country to the other is subject only to the laws of the first country by virtue of this paragraph, the worker will be considered a resident of the first country for purposes of Swedish pension laws. Further, any spouse or children who accompany the worker to the other country will also be considered resident in the first country under Swedish pension laws for any period during which they do not work in covered employment in the other country.

PRINCIPAL AGREEMENT

ANNOTATIONS AND COMMENTS

This provision is particularly important under the Swedish basic pension program, which pays benefits based on residence in Sweden. (See the annotations to Article 13.) It will, for example, permit workers who are temporarily transferred from Sweden to the United States, along with any accompanying family members, to continue their coverage under the Swedish basic pension program. It also means that family members who accompany workers temporarily transferred from the United States to Sweden will not be covered under the Swedish basic pension program unless they work there.

Article 8

A person who would otherwise be covered under the laws of both Contracting States with respect to self-employment performed in either Contracting State and who is a resident of one Contracting State shall be subject to the laws of only the Contracting State of which he is a resident.

Article 8 applies to persons whose earnings from self-employment would be subject to compulsory coverage under the laws of both countries. A self-employed Swedish resident whose earnings would otherwise be covered by both Sweden and the United States will be covered only under the laws of Sweden. A dually-covered U.S. resident will be covered only under U.S. laws. This provision will primarily affect self-employed U.S. citizens who reside in Sweden. In the absence of an agreement, such persons would be covered under Swedish law because they reside there and would generally be covered under U.S. law as well because they are U.S. citizens.

Article 9

1. If a person is employed as an officer or member of a crew on a vessel which flies the flag of one Contracting State and is covered under the laws of both Contracting States, the person shall be subject to the laws of only the Contracting State whose flag the vessel flies. For purposes of the preceding sentence, a vessel which flies the flag of the United States is one defined as an American vessel under the laws of the United States.

Under Article 9.1, a person employed on a U.S. or Swedish ship who is covered under the laws of both countries will be covered only under the laws of the country whose flag the ship flies. A ship is considered to fly the flag of the United States if it is an American vessel as defined in section 210(c) of the Social Security Act. Under that definition, an American vessel is one that is documented or numbered under U.S. law or one that is not documented or numbered under the law of any country if its crew is employed solely by one or more U.S. citizens or residents or corporations organized under Federal or State law.

PRINCIPAL AGREEMENT

2. A person who would otherwise be covered under the laws of both Contracting States with respect to employment as an officer or member of a crew on an aircraft shall, with respect to that employment, be subject only to the laws of Sweden if he resides in the territory of Sweden, and only to United States laws if he resides in the territory of the United States.

Article 10

1. This Agreement shall not affect the provisions of the Vienna Convention on Diplomatic Relations of April 18, 1961, or of the Vienna Convention on Consular Relations of April 24, 1963.

ANNOTATIONS AND COMMENTS

Under Article 9.2, a member of the flight crew of an aircraft who would otherwise be covered under the laws of both the United States and Sweden will be covered only under the laws of the country in which he resides.

Article 10 provides coverage rules applicable to employees of the U.S. and Swedish Governments.

Article 10.1 is intended to make it clear that, in general, the categories of persons mentioned in the Vienna Conventions on diplomatic and consular relations will not be affected by the coverage provisions of the Agreement. The Conventions, to which both the United States and Sweden are parties, apply to members of the staff of a diplomatic or consular mission, including the diplomatic, consular, administrative and technical staffs; dependents of members of those staffs; the domestic service staff of the mission; and private servants employed by members of such missions.

In general, persons mentioned in the Vienna Conventions are exempt from social security coverage and contributions under the laws of the host country unless specific arrangements have been made to waive their immunity. Persons whose immunity has been waived would be subject to the laws of the host country, including the coverage provisions of this Agreement.

2. Nationals of one of the Contracting States who are employed by that State in the territory of the other Contracting State but who are not exempt from the laws of the other Contracting State by virtue of the Vienna Conventions mentioned in paragraph 1 shall be subject to the laws of only the first Contracting State. Employment by the United States shall mean employment by the United States Government or an instrumentality thereof.

Article 10.2 provides that if a U.S. or Swedish national is employed by his Government in the other country but is not in one of the categories mentioned in the Vienna Conventions (i.e., is not employed in a diplomatic or consular capacity), the person will be subject only to the laws of his own country.

Article 11

1. The Competent Authorities of the two Contracting States may agree on exceptions to Articles 7, 8, 9, and 10, with respect to persons or categories of persons, provided that the affected persons shall be subject to the laws of one of the Contracting States.

Under Article 11.1, either country may grant an exception to the coverage rules of the Agreement provided the other country agrees and the worker involved will remain subject to the coverage laws of one of the countries. Such an exception may be granted on behalf of an individual worker or on behalf of all workers employed under similar circumstances, e.g., in the same profession or for the same employer. This provision is designed to permit the Competent Authorities to correct anomalous situations that arise to the disadvantage of workers or to eliminate dual coverage in unforeseen circumstances.

2. Where a person covered under the laws of a Contracting State in accordance with this Agreement is also covered under the laws of the other Contracting State or a third State in accordance with the provisions of an agreement between either Contracting State and a third State, the Competent Authorities of the two Contracting States may agree to exclude the person from the application of Part II of this Agreement.

Both the United States and Sweden have concluded international social security agreements with a number of other countries. Although it should not happen frequently, it is at least theoretically possible for an individual to be covered under the social security systems of more than one country by operation of the coverage provisions of this Agreement and another agreement. For example, a conflict resulting in dual coverage could arise between this Agreement and the agreement between the United States and Italy if an Italian national were sent from Sweden to the United States by an Italian employer. Under Article 11.2, the Competent Authorities of the United States and Sweden could agree to exclude such an individual from the application of this Agreement if necessary to eliminate the dual coverage.

PRINCIPAL AGREEMENT

ANNOTATIONS AND COMMENTS

PART III

Part III establishes the basic rules for determining entitlement to social security benefits when an individual has worked in both the United States and Sweden, and the rules for determining benefit amounts when entitlement is based on combined work credits. Article 12 contains rules specifically applicable to the U.S. system, and Article 13 deals with the Swedish system.

Provisions on Benefits

Chapter I

Provisions Applicable to the United States

Article 12

1. Where a person has completed at least six quarters of coverage under United States laws, but does not have sufficient quarters of coverage to satisfy the requirements for entitlement to benefits under United States laws, the agency of the United States shall take into account, for the purpose of establishing entitlement to benefits under this Article, periods of coverage which are credited under Swedish laws on supplementary pension insurance and which do not coincide with periods of coverage already credited under United States laws.

Article 12 contains rules for determining U.S. benefit eligibility and amounts in the case of people who have periods of social security coverage in Sweden and at least six quarters of coverage in the United States, but who do not have enough U.S. coverage to qualify for U.S. benefits. In such cases, the Social Security Administration, in accordance with Article 12.1, will take into account any periods of coverage credited under Sweden's work-related social security system (i.e., the supplementary pension program), insofar as these periods do not coincide with quarters of coverage already credited under U.S. laws.

2. In determining eligibility for benefits under paragraph 1 of this Article, the agency of the United States shall credit four quarters of coverage for each pension point year certified by the agency of Sweden; however, no quarter of coverage shall be credited for any calendar quarter already credited as a quarter of coverage under United States laws. The total number of quarters of coverage to be credited for a year shall not exceed four.

Article 12.2 establishes the procedure to be followed in converting periods of coverage under the Swedish system into equivalent periods under the U.S. system. Periods of coverage under the U.S. system are measured in terms of calendar quarters while Swedish periods of coverage are measured in yearly increments called pension point years. Beginning in 1978, U.S. quarters of coverage are based on the amount of a person's annual earnings (e.g., for 1985, $410 in earnings equals one quarter of coverage). Sweden credits a pension point year once a person's annual earnings exceed a minimum level called the "base amount," which is approximately $2,400 in 1985. Under Article 12.2, the United States will credit four quarters of coverage for each Swedish pension point year to the extent the calendar quarters in such years do not coincide with quarters of coverage already credited under the U.S. system.

PRINCIPAL AGREEMENT	ANNOTATIONS AND COMMENTS
3. Where entitlement to a benefit under United States laws is established according to the provisions of paragraph 1, the agency of the United States shall compute a pro rata primary insurance amount in accordance with United States laws based on (a) the person's average earnings credited exclusively under United States laws and (b) the ratio of the duration of the person's periods of coverage credited under United States laws to the duration of a coverage lifetime as determined in accordance with United States laws. Benefits payable under United States laws shall be based on the pro rata primary insurance amount.	Article 12.3 describes the method of computing U.S. benefit amounts where entitlement is established based on the totalization (i.e., combination) of U.S. and Swedish coverage. As stipulated in Article 12.1, persons who qualify for U.S. benefits based on their U.S. coverage alone are not eligible for totalization benefits from the United States. Under the procedure outlined in Article 12.3, the amount of a worker's benefit depends on both the level of his earnings and the duration of his coverage under U.S. Social Security. This computation procedure is described in detail in regulations promulgated by the Department of Health and Human Services (20 CFR 404.1918 as revised July 24, 1984). The first step in the procedure is to compute a theoretical benefit amount as though the worker had worked a full coverage lifetime (i.e., full career) under U.S. Social Security at the same earnings level as during his actual periods of U.S. covered work. The theoretical benefit is then prorated to reflect the proportion of a coverage lifetime completed under the U.S. program. A coverage lifetime is defined in the regulations as the number of the worker's benefit computation years, i.e., the years which must be used in determining a worker's average earnings under the regular U.S. national computation method.
4. Entitlement to a benefit from the United States which results from paragraph 1 shall terminate with the acquisition of sufficient periods of coverage under United States laws to establish entitlement to an equal or higher benefit without the need to invoke the provision of paragraph 1.	Article 12.4 provides that where a worker who is entitled to a pro rata totalization benefit from the United States acquires additional U.S. coverage which enables him to qualify for an equal or higher benefit based on his U.S. coverage alone, SSA will pay the regular national law benefit rather than the totalization benefit.

PRINCIPAL AGREEMENT	ANNOTATIONS AND COMMENTS
5. Articles 4, 5 and 6 of the Agreement shall be applied by the United States in a manner consistent with section 233 (c)(4) of the United States Social Security Act.	Section 233(c)(1) of the Social Security Act requires U.S. international social security agreements to contain certain benefit and coverage provisions. Section 233(c)(2) permits agreements between the United States and another country to contain exceptions to the alien nonpayment provisions of the Social Security Act for beneficiaries residing in the other country. In addition, section 233(c)(4) permits agreements to contain other appropriate provisions which are not inconsistent with the provisions of title II of the Social Security Act. Article 12.5 is intended to make clear that where the only authority for the equality of treatment and benefit portability provisions contained in Articles 4, 5 and 6 is section 233(c)(4), these provisions will be applied by the United States only to the extent they do not conflict with other provisions of title II.

PRINCIPAL AGREEMENT

Chapter II

Provisions Applicable to Sweden

Article 13

ANNOTATIONS AND COMMENTS

The Swedish social security program provides old-age, survivors and disability benefits on the basis of a two-tier structure: a universal, flat-rate "basic" pension and an earnings-related supplementary pension, usually referred to as the "ATP" pension.

In general, all residents of Sweden are covered under the basic program. In addition, residents between the ages of 16 and 65 are covered under the ATP program for years in which earnings exceed a base amount. This amount, which is adjusted annually when the general price level varies by at least 3 percent, has been set at 21,800 Swedish kroner for 1985. Both programs are financed by contributions from employers and self-employed persons; the basic pension program also receives a subsidy from the national government. Employees do not contribute to either program.

Both the basic and ATP old-age pensions are payable at age 65; however, reduced pensions are payable under both programs at age 60. Both the basic and ATP old-age pensions are computed using the base amount referred to above. The yearly amount of the basic old-age pension is 96 percent of the base amount for a single person, and 157 percent for a married couple where both are entitled to a basic pension.

The amount of the ATP old-age pension is computed based on "pension points". The number of a person's pension points for any given year is computed by (1) subtracting the base amount from the person's social security earnings for the year, (2) dividing the difference by the base amount, and (3) limiting the quotient to a maximum of 6.5 pension points. For a person with at least 30 years of ATP coverage, the annual ATP pension is equal to 60 percent of the base amount multiplied by the worker's average annual number of pension points in the 15 years in which he has the most points.

PRINCIPAL AGREEMENT

ANNOTATIONS AND COMMENTS

For a person with fewer than 30 years of coverage, the pension amount is reduced by 1/30 for each missing year. For example, a person with an average of 6 points in his high 15 years and 20 years credited with pension points would receive an annual ATP pension in 1985 equal to: 60% x 6.0 x 21,800 Skr. x 20/30 = 52,320 Skr. Transitional rules reduce the 30-year requirement for persons who were too old when the ATP program began in 1960 to complete a full career under the program (see annotation to Article 13.7).

Under the basic pension program, a widow's pension is payable if the widow has a child under age 16 in her care or if the widow has attained the age of 36 at the time of her husband's death and was married to him for at least 5 years. There is no age requirement for the ATP widow's pension, but the marriage must have lasted at least 5 years and must have been contracted before the worker attained the age of 60, unless there is a surviving child from the marriage. Both the basic and ATP widow's pensions are terminated if the widow remarries.

A widow who has attained the age of 50 at the time of her husband's death is entitled to a basic pension equal to a full basic old-age pension, i.e., 96 percent of the base amount. If, at the time of her husband's death, the widow was under age 50 but over age 36, the pension is reduced by 1/15 for every year of age short of age 50. If a widow has children under age 16 in her care, a full widow's pension is payable regardless of the widow's age and the duration of the marriage. When the widow no longer has a child under 16 in her care, eligibility for widow's pension is determined on the basis of her age and duration of marriage as cited above.

The ATP pension payable to a widow with no eligible children equals 40 percent of the pension the husband was receiving at death or of the pension the husband would have received if he had become entitled at the time of death. If a child's benefit is also payable, the widow's pension is equal to 35 percent of her late husband's benefit.

PRINCIPAL AGREEMENT

ANNOTATIONS AND COMMENTS

If either or both parents of a child have died, the child may receive a basic child's benefit up to age 18 and an ATP child's benefit up to age 19. The basic benefit equals 41 percent of the base amount (62% if both parents are deceased). If the worker is survived by a widow and one child, the ATP child's benefit equals 15 percent of the worker's pension at death or the pension he would have received if he had become entitled at the time of death. If no widow's pension is payable, the total benefit for all surviving children equals 40 percent for the first child and 10 percent for each additional child. The total benefit is divided equally among the entitled children.

Disability benefits under both the basic and the ATP programs are payable to a person who is at least 50 percent disabled. Pensions are payable as early as age 16. A full disability pension is paid under the basic program to persons who are totally disabled. The full pension is equivalent to the basic old-age pension at normal retirement age, i.e., 96 percent of the base amount, or 157 percent for a couple if both spouses are entitled to a basic retirement pension or a full basic disability pension. One-half or two-thirds of the full pension is paid to people disabled to these lesser degrees.

A full ATP disability pension, which is payable to a person with at least 30 years of coverage, is equivalent to the ATP old-age pension which would be payable based on the person's credited pension points. The pension is reduced by 1/30 for each year of coverage less than 30. However, in computing the amount of the ATP disability pension, assumed years of coverage may be granted for each year from the year of disability onset to age 65 if the person (1) had earned pension points for at least 1 year and was entitled to a cash sickness benefit of not less than the base amount for the year of onset, or (2) had been credited with pension points for a minimum of 2 years during the 4 years preceding the date of onset.

PRINCIPAL AGREEMENT

ANNOTATIONS AND COMMENTS

Under Swedish law, basic pensions are payable in full to Swedish nationals who reside in Sweden. They are also payable to Swedes residing outside Sweden if they are eligible for an ATP pension or if they have a total of at least 3 years of ATP coverage or years before 1960 for which they were assessed Swedish national income tax. In this case, one-thirtieth of the basic pension is payable for each year (up to a total of 30) that the worker was credited with ATP coverage or was assessed Swedish income tax before 1960.

Under Swedish law, a nonresident alien may not qualify for any category of basic pension. Resident aliens may qualify for the full basic old-age benefit if they have resided in Sweden for a total of at least 10 years since age 16 and 5 years immediately before filing an application. They may qualify for a full widow's or child's basic benefit if (1) the survivor resided in Sweden at the time of the worker's death and the worker resided in Sweden for the last 5 years before his death or (2) the survivor or worker resided in Sweden at the time of the worker's death and the survivor resided in Sweden for the last 5 years. A resident alien may qualify for a full basic disability benefit if he resided in Sweden for at least 5 years immediately before filing an application or had been employable for at least one year without interruption during his current period of residence.

There are no nationality or residence requirements for ATP benefit eligibility. To qualify, the worker must have been credited with pension points in at least three years.

PRINCIPAL AGREEMENT	ANNOTATIONS AND COMMENTS
1. Nationals of the United States as well as the persons designated in Article 3 (b) and (c) who do not fulfill the conditions of the Swedish laws which apply to them as regards entitlement to a basic pension shall, whether they reside in Sweden or not, be entitled to a basic pension in accordance with the provisions applicable to Swedish nationals resident outside of Sweden.	Article 13.1 establishes an alternative eligibility requirement for U.S. nationals, refugees and stateless persons who cannot meet the requirements for a basic pension under Swedish law either because they reside outside Sweden or reside in Sweden but have not resided there long enough to qualify. Under Article 13.1, U.S. nationals, refugees or stateless persons who fail to qualify for a basic pension absent the agreement will be able to qualify for a prorated basic pension on the same basis as Swedish nationals residing outside Sweden. Thus, if they have been credited with a total of at least 3 years of ATP coverage or pre-1960 Swedish tax assessment or, in accordance with Article 13.4, U.S. coverage, they will receive a basic pension equal to 1/30 of the full basic pension for each year of ATP coverage or pre-1960 years of Swedish tax assessment.
2. Disability benefits which are not supplements to a basic pension, care allowances for handicapped children, pension supplements and income-tested pension benefits shall be granted to persons designated in paragraph 1 who are residing in Sweden, appropriately applying the rules contained in that paragraph.	Article 13.2 deals with several special benefits provided under Swedish law. Persons receiving a basic old-age, disability or widow's pension may receive supplements to their basic pension if they are receiving little or no ATP pension. A supplement is also payable to an old-age or disability pensioner with a child under age 16 living at home, but the supplement is reduced if either parent receives an ATP pension. A means-tested wife's supplement and housing allowance are also payable. Handicapped persons between the ages of 16 and 65 who require the constant aid of another person to help with their everyday activities or who have other substantial expenses associated with their handicap may receive a special disability benefit if they are not eligible for a basic disability pension because they are still able to work. A parent with a child under age 16 who is so severely handicapped that special supervision and treatment are required can also receive a special care allowance.

PRINCIPAL AGREEMENT

ANNOTATIONS AND COMMENTS

These special benefits are ordinarily paid to aliens only if they meet the duration-of-residence requirements applicable to resident aliens under the basic pension program (see the annotation preceding paragraph 1 of this Article). Under Article 13.2, U.S. nationals, refugees and stateless persons who reside in Sweden will also be able to qualify for these payments if they have a total of at least 3 years of ATP or U.S. coverage or pre-1960 years of Swedish tax assessment. In that case, the special payment will be prorated based on the total number of years of ATP coverage and pre-1960 Swedish tax.

3. Where a person designated in Article 3 (a), (b) or (c) does not have sufficient Swedish periods of coverage to satisfy the requirements for entitlement to a basic pension in accordance with the provisions applicable to Swedish nationals resident outside of Sweden, periods of coverage completed under United States laws shall be taken into account insofar as they do not coincide with Swedish periods of coverage.

Under Article 13.3, U.S. periods of coverage completed by U.S. nationals, refugees and stateless persons may be combined with years of ATP coverage or pre-1960 years of Swedish tax assessment to meet the 3-year alternative eligibility requirement for a basic pension set forth in paragraph 1. U.S. quarters of coverage will be taken into account only to the extent that they do not coincide with years of ATP coverage.

4. Where periods of coverage have been completed under both the Swedish laws on supplementary pension insurance and United States laws, those periods shall, when necessary, be added together for the acquisition of a right to supplementary pension, insofar as they do not coincide.

Article 13.4 provides that the 3-year eligibility requirement for Swedish ATP pensions may be met by combining U.S. quarters of coverage with years of ATP coverage. U.S. quarters will be used only to the extent that they do not coincide with years of ATP coverage. Years before 1960 (the year the ATP program began) for which Swedish income tax was assessed may be credited as ATP periods of coverage in accordance with Swedish law.

PRINCIPAL AGREEMENT

5. When computing the amount of a supplementary pension, only periods of coverage creditable under Swedish laws shall be taken into account.

6. When applying paragraphs 3 and 4 of this Article, four quarters of coverage under United States laws shall be considered equal to one calendar year for which pension points have been credited under Swedish laws.

7. Article 4 of this Agreement shall not result in an extension in the application of the transitional provisions of Swedish laws concerning:

   a) the right to a basic pension for Swedish nationals born before 1930 residing outside Sweden, and

   b) the calculation of a supplementary pension for Swedish nationals born before 1924.

ANNOTATIONS AND COMMENTS

Article 13.5 provides that where entitlement to a Swedish ATP pension is established based on combined U.S. and Swedish periods of coverage, the amount of the pension will be based solely upon periods of coverage credited under Swedish law. Because the amount of a Swedish ATP pension is directly proportional to the number of years of ATP coverage, the amount of a benefit computed in this manner is the same as it would be if U.S. periods of coverage were included in the computation and the resulting amount were reduced in proportion to the actual years of Swedish coverage.

Article 13.6 specifies that, in combining U.S. and Swedish periods of coverage to meet Swedish eligibility requirements, the Swedish agency will consider four U.S. quarters of coverage equivalent to one year of coverage under the Swedish ATP system.

Article 13.7 provides that certain transitional provisions of Swedish laws governing the eligibility of Swedish nationals for both basic and ATP pensions will not be affected by the Agreement.

Prior to 1979, Swedish nationals residing outside Sweden could only qualify for a basic pension if they had been registered in Sweden by the census in the year they attained age 62 and in the five preceding years. In this case, the full basic pension was payable. In 1979, the law was amended to permit payment of basic pensions outside Sweden only on a pro rata basis in proportion to the amount of ATP coverage. Under the transitional provisions, Swedish nationals who were age 50 or older in 1979 can still qualify under the old rules. Article 13.7(a) makes it clear that this transitional provision of Swedish law is not extended to U.S. nationals under the agreement.

PRINCIPAL AGREEMENT

8. Article 5 of this Agreement does not affect the provisions of Swedish laws concerning the right of Swedish nationals residing outside of Sweden to a basic pension.

ANNOTATIONS AND COMMENTS

Under the Swedish ATP pension program, a person must have pension points credited in each of 30 years to receive a full ATP pension. Persons with less than 30 years of ATP coverage have the pension reduced by the ratio of their years of ATP coverage to the figure 30. Since the ATP program only began in 1960, persons born before 1924 could not complete a full 30-year period of coverage before attaining retirement age. Transitional provisions applicable to Swedish nationals, therefore, permit the figure 30 in the ratio mentioned above to be reduced by up to 10 years depending on the worker's year of birth. A similar reduction is made for foreign nationals born before 1924, but in this case, the number of years by which the figure 30 is reduced cannot exceed the number of years before 1960 for which they were assessed Swedish income tax. Under Article 13.7(b), these transitional rules will remain unaffected.

Article 13.8 stipulates that eligibility requirements for basic pensions which apply to Swedish nationals who reside outside of Sweden will not be affected by Article 5 of the Agreement. Under Swedish law, for example, the basic pension is payable to all Swedish nationals residing in Sweden, but is paid to Swedish nationals residing outside of Sweden only on the basis of coverage under the ATP program. Article 13.8 merely ensures that these rules will remain in effect.

PRINCIPAL AGREEMENT

PART IV

Miscellaneous Provisions

Article 14

1. The Competent Authorities shall make all necessary administrative arrangements for the application of this Agreement.

2. Liaison agencies for the implementation of this Agreement shall be:

   a) for the United States, the Social Security Administration;

   b) for Sweden, the National Social Insurance Board.

Article 15

1. The Competent Authorities and the agencies of the Contracting States, within the scope of their respective authority, shall assist each other in implementing this Agreement. This assistance shall be free of charge subject to exceptions to be agreed upon in an administrative arrangement.

2. Correspondence between the Competent Authorities and agencies, communications from individual persons, and applications or documents may be in English or Swedish.

ANNOTATIONS AND COMMENTS

Article 14.1 authorizes the Competent Authorities to make any administrative arrangements that may be necessary to implement and administer the Agreement.

Article 14.2 designates one agency in each country that will have primary responsibility for coordinating and administering the coverage and benefit provisions of the Agreement. The Social Security Administration is the designated liaison agency for the United States, and the National Social Insurance Board is the counterpart liaison agency for Sweden.

Article 15 provides authority for nonreimbursable administrative assistance between the countries in applying this Agreement. Such assistance would include the taking of applications, and the gathering and exchange of information relevant to claims filed under the Agreement. Article 10 of the Administrative Arrangement, which has been negotiated to implement this Agreement, stipulates what types of assistance will be provided on a reimbursable basis, for example, where medical examinations are procured by one country for the sole use of the other country.

The Competent Authorities and agencies in both countries will accept applications, correspondence and other documents in either English or Swedish.

Article 16

The Competent Authorities shall inform each other as soon as possible of any amendments to the laws specified in Article 2 which may affect the application of this Agreement.

Article 17

The Competent Authorities shall keep each other informed of the measures taken for the application of this Agreement.

Article 18

Any exemption granted by one of the Contracting States from fees or charges, including stamp duties or notarial or registration fees, in respect of certificates and documents required to be submitted to its Competent Authority or an agency shall also apply to certificates and documents which for the purposes of this Agreement must be submitted to the Competent Authority or an agency of the other Contracting State. Documents and certificates which are presented for purposes of this Agreement shall be exempted from requirements for authentication by diplomatic or consular authorities.

Article 19

An application, appeal, or other document which according to the laws of a Contracting State must be submitted to an agency of that Contracting State within a specified period shall be considered to have been timely filed if it is submitted within the same period to an agency of the other Contracting State. In such case, the agency with which the application, appeal, or document has been filed shall indicate the date of receipt on the document and transmit it without delay to the liaison agency of the other Contracting State.

ANNOTATIONS AND COMMENTS

Article 16 obligates the Competent Authorities to notify each other of any changes in their respective social security laws that may affect the application of the Agreement.

Article 17 requires the Competent Authorities to notify each other of measures they have taken unilaterally to implement the Agreement.

Article 18 provides that if the laws of one country exempt documents from fees or charges, that country shall also apply the exemption with respect to documents which are sent to the other country by or on behalf of a claimant or beneficiary.

Article 18 also stipulates that neither country will require special authentication of documents submitted under the Agreement. Some countries require that the authenticity of documents which are submitted to their social security authorities by or on behalf of persons in another country be certified by their diplomatic or consular officials in the other country. (The United States has no such requirements.)

Article 19 provides that an application, appeal or other document which must be filed within a prescribed time limit with an agency of one country shall be considered to have been filed on time if filed within such limit with an agency of the other country. The agency with which the application, appeal or other document is filed shall transmit it without delay to the liaison agency of the other country indicating the date the document was received.

Article 20

1. A written application for benefits filed with an agency of one Contracting State shall protect the rights of the claimants under the laws of the other Contracting State if the applicant (a) requests that it be considered an application under the laws of the other Contracting State or (b) in the absence of a request that it not be so considered, provides information at the time of application indicating that the person on whose record benefits are claimed has completed periods of coverage under the laws of the other Contracting State.

2. An applicant may request that an application filed with an agency of one Contracting State be effective on a different date in the other Contracting State within the limitations of and in conformity with the laws of the other Contracting State.

Article 21

1. Payments under the Agreement may be made in the currency of the Contracting State making the payment.

2. Should currency restrictions be introduced by either of the Contracting States, the two Governments shall immediately decide on the necessary steps to insure the transfer of amounts owed by either Contracting State in conformity with the provisions of this Agreement.

ANNOTATIONS AND COMMENTS

Under Article 20.1, a written application submitted to the agency of one country will protect a claimant's right to benefits under the laws of the other country as if the application had been presented in the other country, provided the applicant expresses an intent to file for benefits in the other country when the application is filed. Because an applicant may not be fully aware of benefit rights in the other country, Article 20.1 also provides that, in the absence of an expression of intent, the application will protect the claimant's rights in the other country if, at the time of filing, the applicant indicates that the person on whose record benefits are based has been covered under social security in the other country.

An applicant may specify that an application to one country is to have a different effective date in the other country within the limits of the laws of the other country. This provision could be of importance, for example, to people who wish to take advantage of delayed retirement credit provisions under the other country's laws.

Benefits to be paid by a country under this Agreement may be paid in the currency of that country. This corresponds to the current practice of both countries regarding benefit payments.

Should either country impose restrictions on the exchange or exportation of its currency, steps shall be taken to assure the payment of amounts due under the Agreement.

PRINCIPAL AGREEMENT

Article 22

1. Disagreements arising in connection with the application of this Agreement shall, as far as possible, be resolved by mutual agreement between the Competent Authorities of the Contracting States.

2. If any such disagreement has not been resolved within a period of six months, either Contracting State may submit the matter to binding arbitration by an arbitral body whose composition and procedure shall be agreed upon by the Contracting States.

Article 23

1. This Agreement may be amended in the future by supplementary agreements which, from their entry into force, shall be considered an integral part of this Agreement. Such supplementary agreements may be given retroactive effect if they so specify.

2. The Competent Authority of either Contracting State may call a meeting for the consideration of a supplementary agreement.

ANNOTATIONS AND COMMENTS

Article 22.1 obligates the Competent Authorities to attempt to resolve any dispute between them regarding the Agreement through direct consultation or negotiation.

Article 22.2 requires both States to establish an arbitral procedure in any case where a disagreement has not been resolved within six months by the Competent Authorities and either State requests that the matter be submitted to arbitration.

Article 23 provides for amending the Agreement by supplementary agreements and provides for the possible retroactive effect of such agreements. After a supplementary agreement becomes effective, it will thereafter be considered an integral part of the Agreement. Either State may call a meeting for consideration of a supplementary agreement.

PRINCIPAL AGREEMENT

PART V

Transitional and Final Provisions

Article 24

1. This Agreement shall apply to events which occurred prior to its entry into force insofar as they are relevant to rights under the laws specified in Article 2. However, no benefits shall be payable under this Agreement with respect to any period prior to its entry into force, and no lump sum death benefit shall be payable if the person died before its entry into force. Periods of coverage completed before the entry into force of this Agreement shall be taken into account in order to determine the right to benefits under this Agreement.

2. The provisions of Part III of this Agreement shall apply only to an application for benefits which is filed on or after the date this Agreement enters into force. Where no final decision has been made on an application filed before the date this Agreement enters into force, the application shall be considered to have been filed on that date.

3. Determinations made before the entry into force of this Agreement shall not affect rights arising under it. This Agreement shall not result in the reduction of cash benefit amounts because of its entry into force.

Under Article 24.1, events material to the determination of benefit rights, such as marriage, death, disability, or attainment of a certain age, which occur prior to the effective date of the Agreement will be considered in applying the Agreement. However, benefits payable as a result of the Agreement will be paid only for periods beginning with the date on which the Agreement enters into force. Any lump-sum death payments provided by section 202(i) of the U.S. Social Security Act will be payable under the Agreement only if the death occurs on or after the date the Agreement enters into force. In determining benefit eligibility and amounts under the Agreement, periods of coverage occurring before the Agreement enters into force will be taken into account.

Article 24.2 requires that a person claiming benefits under the Agreement file an application either on or after the date the Agreement becomes effective. The Agreement, however, will also apply to any application which has not been finally adjudicated at the time the Agreement enters into force.

A decision to award or deny a claim which was rendered prior to the effective date of the Agreement will not prevent a person from claiming benefits under the Agreement. Although it is unlikely that the provisions of this Agreement would cause any reduction in benefits, Article 24.3 guarantees that benefits which are already being paid at the time the Agreement takes effect will not be reduced as a result of its entry into force.

4. Provisions of Swedish laws limiting retroactivity of the right to benefits shall not apply to rights arising as a result of the entry into force of this Agreement, provided that the claimant submits an application for benefits within one year after the date of entry into force of this Agreement.

5. The period of work referred to in Article 7.2 shall be measured beginning on or after the date on which this Agreement enters into force.

Article 25

1. This Agreement may be denounced by either of the Contracting States. If the Agreement is denounced it shall remain in force and effect until the expiration of one calendar year following the year in which written notice of its denunciation is given by one of the Contracting States to the other Contracting State.

2. If this Agreement is terminated by denunciation, its provisions shall continue to apply to benefits which have already been awarded. Rights in the process of being acquired by virtue of this Agreement shall be settled by special arrangement between the Contracting States.

ANNOTATIONS AND COMMENTS

Swedish law permits a person to receive retroactive benefits for up to three months preceding the date an application is filed. Article 24.4 extends the retroactive effect of applications for Swedish benefits filed under the Agreement by permitting persons who file within a year after the Agreement enters into force to receive benefits from the date the Agreement becomes effective.

Under Article 7.2, an employee who is transferred by his employer in one country to work in the other country for a period of not longer than 60 months will continue to be covered under the social security system of the first country and will be exempt from coverage in the host country. Article 24.5 provides that the 60-month period will be measured beginning on or after the date the Agreement enters into force. Thus, for persons to whom Article 7.2 applies who were transferred to the other country before the effective date of the Agreement, that prior period will not be counted for purposes of the 60-month limit.

Article 25.1 provides for the Agreement to remain in effect until the expiration of 1 calendar year after the year notice of termination is given by one of the countries.

Article 25.2 provides that, in the event of termination of the Agreement, a person will retain benefit rights acquired before termination; supplementary agreements would determine the extent to which each country would recognize benefit rights in the process of being acquired at the time of termination--for example, periods of coverage which had not yet resulted in fully insured status.

PRINCIPAL AGREEMENT

Article 26

This Agreement shall enter into force on the first day of the third month following the month in which each Government shall have received from the other Government written notification that it has complied with all statutory and constitutional requirements for the entry into force of the Agreement.

In witness whereof, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

Done at Stockholm on May 27, 1985 in duplicate in the English and Swedish languages, both texts being equally authentic.

For the Government of the United States of America:

Margaret M. Heckler
Franklin S. Forsberg

For the Government of the Kingdom of Sweden:

Sten Andersson

Each country will follow its own constitutional procedures for approval of the Agreement. In the United States, the Agreement will have to be presented to the Congress for a review period of 60 days during which at least one House of Congress has been in session as required by section 233(e) of the U.S. Social Security Act. The Agreement will enter into force on the first day of the third calendar month after each Government has received formal notification of approval from the other Government.

ADMINISTRATIVE ARRANGEMENT FOR THE IMPLEMENTATION OF THE AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE KINGDOM OF SWEDEN ON SOCIAL SECURITY

The Government of the United States of America and the Government of Sweden,

In conformity with Article 14, paragraph 1, of the Agreement between the United States of America and the Kingdom of Sweden on Social Security of this date, hereinafter referred to as the "Agreement," have agreed as follows:

Chapter 1

General Provisions

Article 1

Terms used in this Administrative Arrangement shall have the same meaning as in the Agreement.

ANNOTATIONS AND COMMENTS

Article I provides that terms used in both the Agreement and this Administrative Arrangement, whether defined in the Agreement or not, shall have the same meaning as in the Agreement.

ADMINISTRATIVE ARRANGEMENT

Article 2

The liaison agencies designated in Article 14, paragraph 2, of the Agreement shall agree upon joint procedures and forms necessary for the implementation of the Agreement and this Administrative Arrangement.

Chapter 2

Provisions on Coverage

Article 3

1. In cases referred to in Article 7, paragraph 2, of the Agreement, the application of the laws of a Contracting State shall be proved by a certificate. In other appropriate cases referred to in Part II of the Agreement, such a certificate may also be issued.

Article 2 authorizes and requires the liaison agencies of the United States and Sweden to agree upon those procedures and forms which must be prepared jointly for the implementation of the Agreement and Administrative Arrangement. In accordance with Article 14.2 of the Agreement, the liaison agency for the United States is the Social Security Administration, and the liaison agency for Sweden is the National Social Insurance Board.

Article 3 establishes procedures pursuant to Articles 7, 8, 9, 10, and 11 of the Agreement for the elimination of dual social security coverage and taxation of the same work under the systems of both the United States and Sweden.

Article 3.1 provides that where a person is transferred by his employer in one country to the other and the laws of the sending country continue to apply in accordance with Article 7.2 of the Agreement, the agency of the sending country will issue a certificate to that effect. When presented to the appropriate agency of the other country, the certificate will establish the basis for the exemption of the person from the coverage laws of that country. Retroactive recovery of U.S. contributions paid with respect to services for which a coverage exemption has been in effect would be subject to the time limitations for refunds of taxes in the Internal Revenue Code.

A certificate may also be issued in cases where workers are subject to the laws of only one country by virtue of other provisions contained in Part II of the Agreement. For example, a U.S citizen employed permanently in Sweden by an American employer would be covered only by Sweden in accordance with Article 7.1, and may need a certificate of Swedish coverage to establish the basis for an exemption from U.S. Social Security taxation for himself and his employer.

2. The certificate referred to in paragraph 1 shall be issued upon request

-- In the United States

By the Social Security Administration

-- In Sweden

By the National Social Insurance Board or, after authorization, its delegate.

Chapter 3

Provisions on Benefits

Article 4

1. The agency of the Contracting State with which an application for benefits is first filed in accordance with Article 20 of the Agreement shall inform the agency of the other Contracting State of this fact without delay, using forms established for this purpose. It shall also transmit documents and such other available information as may be necessary for the agency of the other Contracting State to establish the right of the applicant to benefits according to the provisions of Part III of the Agreement. In the case of an application for disability benefits it shall, in particular, transmit all relevant medical evidence in its possession concerning the disability of the applicant.

2. The agency of a Contracting State which receives an application filed with an agency of the other Contracting State shall without delay provide the agency of the other Contracting State with such evidence and other available information as it may require to complete action on the claim.

ANNOTATIONS AND COMMENTS

Article 3.2 designates the agencies responsible for issuing coverage certificates.

Paragraphs 1 and 2 outline the procedures to be followed by both countries for the exchange of pertinent information needed to process claims filed under the Agreement.

3. The agency of the Contracting State with which an application for benefits has been filed shall verify the accuracy of the information pertaining to the applicant and his family members. The types of information to be verified shall be agreed upon by the liaison agencies.

Article 5

In the application of Article 12 of the Agreement, the Swedish agency shall notify the United States agency of the years in which a person is credited with pension points under Swedish laws.

Article 6

In the application of Article 13 of the Agreement, the United States agency shall when necessary notify the Swedish agency of the periods of coverage which a person has completed under the laws of the United States.

ANNOTATIONS AND COMMENTS

Both U.S. and Swedish laws require that certain information about individuals claiming benefits be verified (e.g., age and family relationship to the worker) before the claim can be approved. Article 4.3 provides that when a claim for benefits under the Agreement is filed in one country, the agency of that country will verify the relevant information and inform the agency of the other country of its findings. The liaison agencies will agree upon the specific types of information which must be verified. The purpose of this provision is to expedite the claims process by avoiding the duplication of effort which would result if the agencies of both countries were required to verify the same information. Although an agency may accept the findings of the other agency concerning the accuracy of information, it may at its discretion request documentary evidence to support those findings.

Under Article 5, if totalization is necessary to establish a person's right to U.S. benefits in accordance with Article 12 of the Agreement, the Swedish agency will furnish the U.S. agency a record showing the number of years of coverage the person has earned under the Swedish system.

Article 6 provides that where totalization is necessary to establish a person's right to Swedish benefits in accordance with Article 13 of the Agreement, the Social Security Administration will furnish the Swedish agency a record showing the number of quarters of coverage the person has earned under the U.S. system. Under Article 13.6 of the Agreement, Sweden will credit one pension point year (a year of coverage under the supplementary or ATP pension program) for every four U.S. quarters of coverage to the extent that the U.S. quarters do not fall within a year already credited as a pension point year in Sweden.

ADMINISTRATIVE ARRANGEMENT

Chapter 4

Miscellaneous Provisions

Article 7

In accordance with measures to be agreed upon pursuant to Article 2 of this Administrative Arrangement, the agency of one Contracting State shall, upon request of the agency of the other Contracting State, furnish available information relating to the claim of any specified individual for the purpose of administering the Agreement or the laws specified in Article 2, paragraph 1, of the Agreement.

Article 8

Copies of documents which are certified as true and exact copies by the agency of one Contracting State shall be accepted as true and exact copies by the agency of the other Contracting State, without further certification. When applying its laws, the agency of each Contracting State shall be the final judge of the probative value of the evidence submitted to it from whatever source.

Article 9

The liaison agencies of the two Contracting States shall exchange statistics on the number of certificates issued under Article 3 of this Administrative Arrangement and on the payments made to beneficiaries under the Agreement for each calendar year in a form to be agreed upon. The data shall include the number of beneficiaries and the total amount of benefits, by type of benefit.

Article 7 provides that the agency of one country may upon request furnish claims-related information to the agency of the other country. Such information will be furnished in accordance with procedures which will be agreed upon by the liaison agencies and which will be consistent with the governing statutes of both countries.

If the agency of one country certifies that a copy of a document it furnishes to the agency of the other country is a true and exact copy of an original document, the other country will accept this certification. The agency of each country will remain the final judge of the probative value of documents submitted to it from whatever source.

Article 9 provides for an exchange of statistics concerning the number of coverage certificates issued by each country pursuant to Article 3.1 of this Administrative Arrangement, and the number of beneficiaries and the types and amounts of benefits paid under the Agreement.

ADMINISTRATIVE ARRANGEMENT

Article 10

1. Where administrative assistance is requested under Article 15 of the Agreement, expenses other than regular personnel and operating costs of the agencies providing the assistance shall be reimbursed.

2. Where the agency of a Contracting State requires that a claimant or beneficiary submit to a medical examination, such examination, if requested by that agency, shall be arranged by the agency of the other Contracting State in which the claimant or beneficiary is present, in accordance with the rules of the agency making the arrangements and at the expense of the agency which requests the examination.

3. Upon request, the agency of either Contracting State shall furnish without expense to the agency of the other Contracting State any medical information and documentation in its possession relevant to the disability of the claimant or beneficiary.

4. Amounts owed under paragraphs 1 and 2 shall be reimbursed upon presentation of a detailed statement of expenses.

ANNOTATIONS AND COMMENTS

In accordance with Article 15 of the Agreement, the agencies of the two countries will provide each other with such administrative assistance as may be necessary to implement the provisions of the Agreement. Article 10 of the Administrative Arrangement indicates the types of assistance which will be provided without cost and the types which will be provided on a reimbursable basis.

Under Article 10.1, expenses incurred in responding to requests for administrative assistance which require an agency to go outside its own organization to provide the assistance, such as hiring interpreters or conducting special field investigations, shall be paid by the requesting agency. Expenses for regular personnel and operating costs will not be reimbursed.

Where a medical examination is necessary to establish eligibility for or continuing entitlement to benefits under one country's system, and the claimant or beneficiary resides in the other country, the agency of the country of residence shall upon request arrange for the examination at the expense of the agency requesting the examination.

Where one agency requests medical information from the other agency, the other agency will send to the requesting agency any pertinent medical information it has in its possession free of charge.

In order to receive reimbursement for administrative assistance, the agency which provides the service must present the requesting agency with a statement of expenses.

ADMINISTRATIVE ARRANGEMENT

Article 11

Where the Agreement or this Administrative Arrangement provides for communication between agencies of the Contracting States, the agencies may communicate either directly or through the liaison agencies.

Article 12

Unless authorized by the national statutes of a Contracting State, information about an individual which is transmitted in accordance with the Agreement to that Contracting State by the other Contracting State shall be used exclusively for purposes of implementing the Agreement. Such information received by a Contracting State shall be governed by the national statutes of that Contracting State for the protection of privacy and confidentiality of personal data.

Article 13

This Administrative Arrangement shall enter into force on the date of entry into force of the Agreement and shall have the same period of validity.

Done at Stockholm on May 27, 1983 in duplicate in the English and Swedish languages, both texts being equally authentic.

For the Government of the United States of America:

Margaret M. Heckler
Franklin S. Forsberg

For the Government of the Kingdom of Sweden:

Sten Andersson

ANNOTATIONS AND COMMENTS

Article 11 provides that the agencies of the two countries may communicate either directly with each other or through the liaison agencies.

Both the United States and Sweden have statutes that provide strict safeguards for maintaining the confidentiality of information pertaining to individuals which is in the possession of their respective Governments. In the United States these statutes include the Freedom of Information Act, the Privacy Act, the Tax Reform Act of 1976, the Government in the Sunshine Act, and pertinent provisions of the Social Security Act and other related statutes. Article 12 provides that personal information pertaining to an individual which one country furnishes to the other under the Agreement will be protected in accordance with the applicable provisions of the other country's privacy and confidentiality laws.

The Administrative Arrangement will enter into force on the same date as the Agreement and will remain in effect for the same period as the Agreement.

REPORT TO CONGRESS ON THE FINANCIAL EFFECT OF THE U.S.-SWEDISH SOCIAL SECURITY AGREEMENT

This report presents estimates on the effect of the proposed U.S.-Swedish social security agreement on income and expenditures of both countries' social security programs and the number of individuals who will be affected by the agreement. Table 1 shows estimates of benefit costs and reductions in contribution income that would result from the agreement with Sweden. Table 2 shows the number of persons who would become eligible for a totalized OASDI benefit from the United States or Sweden under the agreement. Also shown in table 2 is the number of U.S. employees and their employers in Sweden and the number of Swedish employees and their employers in the United States who would no longer be subject to dual coverage and taxation in both countries.

These estimates are based on the assumption that the agreement would become effective on January 1, 1986.

Table 1.--Estimated additional costs to the U.S. and Swedish Social Security systems relating to a proposed totalization agreement between the two countries

(In millions)

		Fiscal year				
		1986	1987	1988	1989	1990
1.	Additional benefit payments from the U.S. system	(1/)	(1/)	$1	$1	$1
2.	Reduction in tax contribution income to the OASDHI system	$1	$2	3	4	4
3.	Total cost to the U.S. system	1	2	4	5	5
4.	Additional benefit payments from the Swedish system	(1/)	(1/)	(1/)	(1/)	(1/)
5.	Reduction in tax contribution income to the Swedish system	1	2	3	3	4
6.	Total cost to the Swedish system	1	2	3	3	4
7.	Net comparative effect 2/	(1/)	(1/)	1	2	1

1/ Under $500,000.

2/ Calculated as line 3 less line 6. This number represents the total additional cost to the U.S. system in excess of the total additional cost to the Swedish system.

Table 2.—Estimated number of persons who would be affected by a proposed totalization agreement between the United States and Sweden

	Fiscal year				
	1986	1987	1988	1989	1990
1. Persons who would receive a totalized OASDI benefit (Number in current pay status) . . .	(1/)	(1/)	100	100	100
2. Persons who would receive a totalized Swedish benefit (Number in current pay status) . . .	(1/)	(1/)	(1/)	(1/)	(1/)
3. U.S. employees for whom tax contributions would no longer be made to the Swedish Social Security system	100	200	300	300	300
4. Swedish employees and their employers in the United States who would no longer make tax contributions to the OASI, DI, and HI Trust Funds	200	400	500	500	500

1/ Under 50.

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